

CITY OF BISMARCK DEFERRED SICK LEAVE FUND
INVESTMENT PERFORMANCE REPORT AS OF JUNE 30, 2008

| | June-08 | | | | March-08 | | | | December-07 | | | | September-07 | | | | Current FYTD | Prior Year FY07 | 3 Years Ended 6/30/2008 | 5 Years Ended 6/30/2008 |
|--|----------------|-------------------|--------------|-----------------|----------------|-------------------|--------------|-----------------|----------------|-------------------|--------------|-----------------|----------------|-------------------|--------------|-----------------|----------------|-----------------|-------------------------|-------------------------|
| | Market Value | Allocation Actual | Policy | Quarter Net ROR | Market Value | Allocation Actual | Policy | Quarter Net ROR | Market Value | Allocation Actual | Policy | Quarter Net ROR | Market Value | Allocation Actual | Policy | Quarter Net ROR | Net | Net | Net | Net |
| LARGE CAP DOMESTIC EQUITY | | | | | | | | | | | | | | | | | | | | |
| <i>Structured Growth</i> | | | | | | | | | | | | | | | | | | | | |
| Los Angeles Capital | 17,674 | 2.2% | 2.3% | 4.70% | 17,410 | 2.1% | 2.3% | -10.92% | 17,801 | 2.1% | 2.3% | -1.51% | 18,934 | 2.3% | 2.3% | 0.38% | -7.79% | 21.84% | 7.68% | N/A |
| Total Structured Growth | 17,674 | 2.2% | 2.3% | 4.70% | 17,410 | 2.1% | 2.3% | -10.92% | 17,801 | 2.1% | 2.3% | -1.51% | 18,934 | 2.3% | 2.3% | 0.38% | -7.79% | 21.84% | 7.68% | 9.56% |
| Russell 1000 Growth | | | | 1.25% | | | | -10.18% | | | | -0.77% | | | | 4.21% | -5.96% | 19.04% | 5.91% | 7.32% |
| <i>Structured Value</i> | | | | | | | | | | | | | | | | | | | | |
| LSV | 15,581 | 1.9% | 2.3% | -6.98% | 17,255 | 2.1% | 2.3% | -9.75% | 17,414 | 2.1% | 2.3% | -5.55% | 18,459 | 2.2% | 2.3% | -0.91% | -21.43% | 23.77% | 3.81% | 11.57% |
| Russell 1000 Value | | | | -5.31% | | | | -8.72% | | | | -5.80% | | | | -0.24% | -18.78% | 21.87% | 3.53% | 8.92% |
| <i>Russell 1000 Enhanced Index</i> | | | | | | | | | | | | | | | | | | | | |
| LA Capital | 34,386 | 4.3% | 4.5% | 1.62% | 34,900 | 4.3% | 4.5% | -10.22% | 35,409 | 4.2% | 4.5% | -1.07% | 37,693 | 4.5% | 4.5% | 0.24% | -9.54% | 21.27% | 6.97% | N/A |
| Russell 1000 | | | | -1.89% | | | | -9.48% | | | | -3.23% | | | | 1.98% | -12.36% | 20.43% | 4.81% | |
| <i>S&P 500 Enhanced Index</i> | | | | | | | | | | | | | | | | | | | | |
| Westridge | 34,858 | 4.4% | 4.5% | -2.37% | 39,571 | 4.9% | 4.5% | -9.15% | 39,684 | 4.7% | 4.5% | -3.07% | 41,774 | 5.0% | 4.5% | 2.15% | -12.18% | 21.12% | 4.98% | N/A |
| S&P 500 | | | | -2.73% | | | | -9.44% | | | | -3.33% | | | | 2.03% | -13.12% | 20.59% | 4.41% | |
| <i>Index</i> | | | | | | | | | | | | | | | | | | | | |
| State Street | 11,376 | | | -2.27% | 12,902 | | | -10.68% | 10,772 | | | -5.72% | 11,446 | | | -0.66% | -18.24% | 21.82% | 2.93% | 6.64% |
| Total 130/30 | 11,376 | 1.4% | 1.5% | -2.27% | 12,902 | 1.6% | 1.5% | -10.68% | 10,772 | 1.3% | 1.5% | -5.72% | 11,446 | 1.4% | 1.5% | -0.66% | -18.24% | 21.82% | 2.93% | 6.64% |
| S&P 500 | | | | -2.73% | | | | -9.44% | | | | -3.33% | | | | 2.03% | -13.12% | 20.59% | 4.41% | 7.59% |
| TOTAL LARGE CAP DOMESTIC EQUITY | 113,874 | 14.2% | 15.0% | -0.84% | 122,037 | 15.0% | 15.0% | -9.95% | 121,081 | 14.5% | 15.0% | -2.85% | 128,307 | 15.4% | 15.0% | 0.62% | -12.71% | 21.86% | 5.68% | 9.31% |
| S&P 500 | | | | -2.73% | | | | -9.44% | | | | -3.33% | | | | 2.03% | -13.12% | 20.59% | 4.41% | 7.59% |
| SMALL CAP DOMESTIC EQUITY | | | | | | | | | | | | | | | | | | | | |
| <i>Manager-of-Managers</i> | | | | | | | | | | | | | | | | | | | | |
| SEI | 18,872 | 2.4% | 2.5% | -0.80% | 20,656 | 2.5% | 2.5% | -11.52% | 19,951 | 2.4% | 2.5% | -6.42% | 21,281 | 2.5% | 2.5% | -3.74% | -20.93% | 18.39% | 2.06% | 9.10% |
| Russell 2000 + 200bp | | | | 1.09% | | | | -9.43% | | | | -4.09% | | | | -2.60% | -14.48% | 18.76% | 5.88% | 12.50% |
| <i>Enhanced</i> | | | | | | | | | | | | | | | | | | | | |
| Research Affiliates | 18,434 | 2.3% | 2.5% | -2.98% | 20,610 | 2.5% | 2.5% | -6.82% | 18,908 | 2.3% | 2.5% | -7.07% | 20,290 | 2.4% | 2.5% | N/A | N/A | N/A | N/A | N/A |
| Russell 2000 | | | | 0.58% | | | | -9.90% | | | | -4.58% | | | | -3.09% | -16.19% | | | |
| TOTAL SMALL CAP DOMESTIC EQUITY | 37,306 | 4.7% | 5.0% | -1.89% | 41,266 | 5.1% | 5.0% | -9.24% | 38,859 | 4.6% | 5.0% | -6.74% | 41,571 | 5.0% | 5.0% | -5.05% | -21.14% | 18.39% | 1.97% | 9.04% |
| Russell 2000 | | | | 0.58% | | | | -9.90% | | | | -4.58% | | | | -3.09% | -16.19% | 16.44% | 3.79% | 10.29% |
| INTERNATIONAL EQUITY | | | | | | | | | | | | | | | | | | | | |
| <i>Large Cap - Active</i> | | | | | | | | | | | | | | | | | | | | |
| Capital Guardian | 30,725 | 3.8% | 4.0% | -0.95% | 33,234 | 4.1% | 4.0% | -10.94% | 32,829 | 3.9% | 4.0% | -1.24% | 33,368 | 4.0% | 4.0% | 0.59% | -12.37% | 25.99% | 12.24% | 14.35% |
| LSV | 29,615 | 3.7% | 4.0% | -5.76% | 31,323 | 3.9% | 4.0% | -12.88% | 31,565 | 3.8% | 4.0% | -6.42% | 33,873 | 4.1% | 4.0% | -3.40% | -25.78% | 31.24% | 7.37% | N/A |
| Total Large Cap - Active | 60,341 | 7.5% | 8.0% | -3.33% | 64,557 | 7.9% | 8.0% | -11.89% | 64,394 | 7.7% | 8.0% | -3.83% | 67,241 | 8.1% | 8.0% | -1.46% | -19.29% | 28.57% | 9.83% | 13.46% |
| MSCI EAFE - 50% Hedged | | | | -1.47% | | | | -12.04% | | | | -2.19% | | | | 0.11% | -15.14% | 26.94% | 10.93% | 14.67% |
| <i>Small Cap - Value</i> | | | | | | | | | | | | | | | | | | | | |
| DFA | 7,169 | 0.9% | 1.0% | -5.15% | 8,111 | 1.0% | 1.0% | -3.63% | 7,806 | 0.9% | 1.0% | N/A | - | 0.0% | 0.0% | N/A | N/A | N/A | N/A | N/A |
| Lazard | - | 0.0% | 0.0% | N/A | - | 0.0% | 0.0% | N/A | - | 0.0% | 0.0% | N/A | 8,229 | 1.0% | 1.0% | -3.92% | N/A | 21.03% | N/A | N/A |
| Total Small Cap Value | 7,169 | 0.9% | 1.0% | -5.15% | 8,111 | 1.0% | 1.0% | -3.63% | 7,806 | 0.9% | 1.0% | -0.64% | 8,229 | 1.0% | 1.0% | -3.92% | -12.74% | 21.03% | 9.30% | 17.27% |
| S&P/Citigroup Broad Market Index < \$2BN | | | | -6.52% | | | | -14.70% | | | | -5.94% | | | | -0.66% | -25.49% | 28.58% | 7.39% | 17.33% |
| <i>Small Cap - Growth</i> | | | | | | | | | | | | | | | | | | | | |
| Vanguard | 7,076 | 0.9% | 1.0% | -3.90% | 7,902 | 1.0% | 1.0% | -8.40% | 7,990 | 1.0% | 1.0% | -4.89% | 8,053 | 1.0% | 1.0% | -1.48% | -17.52% | 31.00% | 11.77% | 20.18% |
| Citigroup Broad Market Index < \$2BN | | | | -6.52% | | | | -14.70% | | | | -5.94% | | | | -0.66% | -25.49% | 28.58% | 7.39% | 17.33% |
| TOTAL INTERNATIONAL EQUITY | 74,586 | 9.3% | 10.0% | -3.60% | 80,570 | 9.9% | 10.0% | -10.77% | 80,190 | 9.6% | 10.0% | -3.99% | 83,523 | 10.0% | 10.0% | -1.72% | -18.83% | 28.02% | 9.79% | 14.56% |
| MSCI EAFE - 50% Hedged | | | | -1.47% | | | | -12.04% | | | | -2.19% | | | | 0.11% | -15.14% | 26.94% | 10.93% | 14.67% |
| DOMESTIC FIXED INCOME | | | | | | | | | | | | | | | | | | | | |
| <i>Core Bond</i> | | | | | | | | | | | | | | | | | | | | |
| Western Asset | 160,241 | 20.0% | 20.2% | -0.39% | 155,897 | 19.2% | 20.2% | -1.03% | 166,266 | 19.9% | 20.2% | 1.63% | 163,213 | 19.5% | 20.2% | 1.87% | 2.06% | 7.29% | 2.76% | 3.55% |
| Lehman Aggregate | | | | -1.02% | | | | 2.17% | | | | 3.00% | | | | 2.84% | 7.12% | 6.12% | 4.09% | 3.86% |
| <i>Mortgage Backed</i> | | | | | | | | | | | | | | | | | | | | |
| Hyperion | 37,073 | 4.6% | 5.2% | -10.59% | 39,873 | 4.9% | 5.2% | -8.07% | 44,475 | 5.3% | 5.2% | -1.11% | 44,423 | 5.3% | 5.2% | -1.88% | -20.24% | N/A | N/A | N/A |
| Lehman Global Aggregate (US Securitized Portion) | | | | -1.34% | | | | 4.18% | | | | 3.15% | | | | 3.88% | 10.14% | | | |
| <i>Core Plus/Enhanced</i> | | | | | | | | | | | | | | | | | | | | |
| Clifton Group | 46,706 | 5.8% | 5.2% | -1.15% | 46,973 | 5.8% | 5.2% | 3.34% | 48,470 | 5.8% | 5.2% | 3.64% | 46,082 | 5.5% | 5.2% | 4.06% | 10.17% | 5.52% | N/A | N/A |
| Prudential | 47,234 | 5.9% | 5.2% | -0.50% | 45,700 | 5.6% | 5.2% | 0.95% | 46,473 | 5.6% | 5.2% | 2.45% | 44,858 | 5.4% | 5.2% | 1.94% | 4.89% | N/A | N/A | N/A |
| Total Core Plus/Enhanced | 93,940 | 11.7% | 10.4% | -0.83% | 92,674 | 11.4% | 10.4% | 2.17% | 94,942 | 11.4% | 10.4% | 3.05% | 90,939 | 10.9% | 10.4% | 3.00% | 7.55% | 5.95% | N/A | N/A |
| Lehman Aggregate | | | | -1.02% | | | | 2.17% | | | | 3.00% | | | | 2.84% | 7.12% | 6.12% | | |

CITY OF BISMARCK DEFERRED SICK LEAVE FUND
INVESTMENT PERFORMANCE REPORT AS OF JUNE 30, 2008

| | June-08 | | | | March-08 | | | | December-07 | | | | September-07 | | | | Current | Prior Year | 3 Years | 5 Years |
|--|--------------|------------|--------|------------------------|--------------|------------|--------|------------------------|--------------|------------|--------|------------------------|--------------|------------|--------|------------------------|---------|------------|-----------------|-----------------|
| | Market Value | Allocation | Actual | Quarter Policy Net ROR | Market Value | Allocation | Actual | Quarter Policy Net ROR | Market Value | Allocation | Actual | Quarter Policy Net ROR | Market Value | Allocation | Actual | Quarter Policy Net ROR | FYTD | FY07 | Ended 6/30/2008 | Ended 6/30/2008 |
| Index | | | | | | | | | | | | | | | | | | | | |
| Bank of ND | 80,758 | 10.1% | 9.1% | -1.53% | 80,395 | 9.9% | 9.1% | 2.94% | 83,175 | 9.9% | 9.1% | 3.05% | 81,245 | 9.7% | 9.1% | 3.10% | 7.68% | 5.45% | 3.93% | 3.28% |
| <i>Lehman Gov/Credit (1)</i> | | | | -1.51% | | | | 2.53% | | | | 3.10% | | | | 3.01% | 7.24% | 6.00% | 3.84% | 3.24% |
| BBB Average Quality | | | | | | | | | | | | | | | | | | | | |
| Wells Capital (formerly Strong) | 161,936 | 20.2% | 20.2% | -0.31% | 158,823 | 19.6% | 20.2% | 0.37% | 164,832 | 19.7% | 20.2% | 1.98% | 161,048 | 19.3% | 20.2% | 1.48% | 3.55% | 7.93% | 3.04% | 3.85% |
| <i>Lehman US Credit BAA</i> | | | | 0.11% | | | | -1.05% | | | | 1.90% | | | | 1.67% | 2.62% | 7.54% | 2.52% | 3.59% |
| TOTAL DOMESTIC FIXED INCOME | 533,948 | 66.7% | 65.0% | -1.39% | 527,661 | 65.0% | 65.0% | -0.04% | 553,691 | 66.2% | 65.0% | 1.96% | 540,869 | 64.8% | 65.0% | 1.80% | 2.32% | 7.11% | 3.89% | 5.04% |
| <i>Lehman Aggregate (2)</i> | | | | -1.02% | | | | 2.17% | | | | 3.00% | | | | 2.84% | 7.12% | 6.12% | 4.09% | 3.73% |
| CASH EQUIVALENTS | | | | | | | | | | | | | | | | | | | | |
| Bank of ND | 41,024 | 5.1% | 5.0% | 0.49% | 40,728 | 5.0% | 5.0% | 0.70% | 42,261 | 5.1% | 5.0% | 0.96% | 40,796 | 4.9% | 5.0% | 1.24% | 3.43% | 5.36% | 4.10% | 3.38% |
| <i>90 Day T-Bill</i> | | | | 0.31% | | | | 0.88% | | | | 1.05% | | | | 1.34% | 3.63% | 5.21% | 4.27% | 3.18% |
| TOTAL DEFERRED SICK LEAVE FUND | 800,738 | 100.0% | 100.0% | -1.35% | 812,263 | 100.0% | 100.0% | -2.88% | 836,082 | 100.0% | 100.0% | 0.17% | 835,066 | 100.0% | 100.0% | 0.86% | -3.20% | 11.82% | 4.12% | 5.59% |
| POLICY TARGET BENCHMARK | | | | -1.06% | | | | -1.73% | | | | 1.07% | | | | 2.10% | 0.33% | 10.68% | 4.98% | 5.77% |

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) From April 1, 2004, through June 30, 2005, the benchmark was the LB Intermediate Govt/Credit index.

(2) Prior to July 1, 2005, the benchmark was LB Govt/Credit Index.